

**iONE HOLDINGS LTD:
THERE ARE SOME VERY DISTURBING ASPECTS OF THIS COMPANY**

There are a number of what **TARGET** () would describe as being rather disturbing aspects with regard to one of the latest companies to float on the Main Board of The Stock Exchange of Hongkong Ltd.

This medium is referring, directly, to the flotation of iOne Holdings Ltd () (Code: 982, Main Board, The Stock Exchange of Hongkong Ltd).

These disturbing aspects are:

- a. The 2 Executive Directors denuded the Company of the lion's share of its cash just before pitching the Company's **Initial Public Offering** (IPO);
- b. The 2 Executive Directors took sizeable bonuses for themselves, relative to the Net Profit Attributable to Shareholders for the 2007 Financial Year, ended December 31, 2007;
- c. One Executive Director offloaded 21.60 million of her shareholdings in the Company at the time of the IPO, that number of shares, representing about 72 percent of the total number of New Shares, Offered by the Company to the investing public at the time of the IPO;
- d. The Company relies, to a very great extent, on obtaining the bulk of its annual revenues from IPOs; and,
- e. Nearly half of all of the printing outsourcing work of this Company is shunted to one printing works, owned and operated by the family of the Chairperson of the Company.

The above 5 points are nowhere near comprehensive, but they appear to be within the realm of that which, perhaps, should concern prospective investors of iOne Holdings Ltd.

The Flotation

iOne Holdings Ltd went public on the Main Board of The Stock Exchange of Hongkong Ltd on June 30, 2008, when it Offered 60 million, one-cent Shares at \$HK1.60 per Share.

The Company collected \$HK40.50 million from its cash-raising activity, that amount of money, said to be earmarked for the following purposes:

1. \$HK15 million for '*the expansion of the production capabilities*';
2. \$HK6.50 million for '*expanding the translation operation in the PRC*';
3. \$HK6.50 million for '*setting up or acquiring a backup production hub in the PRC*';
4. \$HK6.50 million for '*setting up a representative office in Beijing*'; and,
5. \$HK6 million to be used as General Working Capital.

As at December 31, 2007, iOne Holdings Ltd had cash and cash equivalents, amounting to \$HK105,223,000, but the 2 Executive Directors declared a paid themselves a Dividend amounting to \$HK74,705,000.

That left Net Current Assets of just \$HK32,317,000.

The Total Equity (Shareholders' Funds) of iOne Holdings Ltd, as at December 31, 2007, stood at \$HK37,206,000, which was down from \$HK57,051,000, as at the 2006 Balance Sheet Date.

In short, the 2 Executive Directors cleaned out a sizeable amount of money from the Company's cash cupboard just before launching the IPO in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

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